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- Today's Insider (PDF)



## YOU DON'T SAY...

"I would bet there's some butt-puckering going on across the state."

*State Auditor Beth Wood, on the increased scrutiny of county agencies that handle cash in the aftermath of the Wake County Register of Deeds scandal.*

THE NEWS & OBSERVER, 1/26/18

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## News Summary

### Party Fundraising

The N.C. Republican Party raised more money than the N.C. Democratic Party during the second half of 2017, but the Democrats began 2018 with more than twice as much money in the bank as Republicans. The NCGOP's campaign finance report shows it raised \$2,076,315 during the six-month period; the state Democratic Party is announcing today that it raised \$1,404,540 -- substantially higher than the party's numbers at the same point in previous election cycles.

The N.C. Democratic Party is reporting \$2,400,840 on hand as of Jan. 1, while the NCGOP reports

\$981,606 on hand as of Jan. 1. The Democrats noted in a press release that they're in a far better financial position than they were at the beginning of past midterm election years: At this point in 2014 they had just \$382,934 in the bank and \$276,155 at this point in 2010. But the NCGOP has also improved its financial position over past midterm cycles, having posted \$345,060 cash on hand to start 2014 and \$147,959 at the beginning of 2010.

"This is the best position our party has ever been in heading into a midterm election," N.C. Democratic Party Chairman Wayne Goodwin said in a news release. "With Democrats and Independents alike frustrated by Republican attempts to rig the system, terrific Democratic candidates, and now this record-shattering financial support, North Carolina Democrats are ready to break the Republican majority." NCGOP executive director Dallas Woodhouse said Sunday that fundraising for individual candidates is boosting his party as 2018 begins. "When you add NCGOP and our candidates to NCDP and their candidates, I believe we are in a slightly stronger position than them for this year," he said. "However it is a challenging year for us and it's critical we keep working hard to put all the resources in place."

The full campaign finance report from the Democratic Party wasn't posted to the state elections board website as of late Sunday, but the NCGOP's full report is posted and shows one donor responsible for nearly half of its fundraising total. Durham businessman Greg Lindberg of the investment firm Eli Global made a total of \$890,000 in contributions to the party in 2017. Lindberg also donated \$1 million last year to a Super PAC called Truth & Prosperity that supports the candidacy of Lt. Gov. Dan Forest, who's expected to run for governor in 2020. Other top donors to the NCGOP included the campaign of House Speaker Tim Moore (\$82,000), as well as businessmen Bob Luddy, Art Pope and Kenneth Kennedy, who each gave \$50,000. (Colin Campbell, THE INSIDER, 1/29/18)

## **Elections Board Ruling**

Resources: [Supreme Court Ruling](#)

North Carolina's highest court stepped in Friday to limit the Republican-dominated legislature's efforts to minimize Democratic Gov. Roy Cooper's ability to pursue his goals, declaring unconstitutional a law devising a state elections board that hinted at deadlock. The state Supreme Court ruled 4-3 that Cooper couldn't be forced to pick a politically divided, eight-member elections board from names the two major political parties selected. The law prevented Cooper from removing members with whom he disagreed unless there was wrongdoing.

The law makes Cooper unable to fulfill his duties to ensure election laws are followed because half of the elections board will be people who will probably oppose the governor's policy preferences, the majority opinion said. It's the first of what may be several times the high court steps in to referee the ongoing political battle in state government. The GOP-led legislature started changing laws on who organizes and manages elections soon after Cooper narrowly beat incumbent Republican Gov. Pat McCrory in 2016.

Cooper's sued over a law that converted the elections board from majority Democrat to equal numbers of Republicans and Democrats and requiring five members to support any decision. The elections board has had a majority of members from the governor's political party for a century. The law also prevented the state's top elections executive, who originally took the job under the old majority-Republican state board, from being removed from her job for years. It also directed a Republican to be the chairman of the new elections board in presidential election years, when national and statewide contests generate the most voter interest.

Cooper didn't dispute the General Assembly's authority to reshape government, in this case merging the state Board of Elections with the Ethics Commission, the court said. Instead, Cooper challenged how the new panel was constituted and required to operate, the court said. Legislative leaders had argued that neither the governor nor state courts could challenge their decision. But the court said its decision was in line with an earlier ruling in McCrory's favor that the General Assembly had exerted

excessive control over certain government agencies. The problem was that the law required Cooper to pick half of the members from a pool of the opposing party's recommendations, the court ruled.

"The relevant issue in a separation-of-powers dispute is whether, based upon a case-by-case analysis of the extent to which the governor is entitled to appoint, supervise, and remove the relevant executive officials, the challenged legislation impermissibly interferes with the governor's ability to execute the laws in any manner," Justice Sam J. Ervin IV wrote for the majority. Cooper said the law would have given Republicans leverage to discourage voting or create deadlocks on the board. "I appreciate the court's careful consideration," he said in a statement. "Access to the ballot box is vital to our democratic process and I will continue to protect fair elections and the right of North Carolinians to vote."

Backing Ervin's decision were the other three registered Democrats on the court. The three registered Republicans joined in two dissenting opinions. In one, Chief Justice Mark Martin wrote that Cooper had enough control over the combined board. The majority opinion defends "a partisan makeup of the (board), which threatens to inject political gamesmanship into the implementation of our election and ethics laws and undermines the neutrality inherent in an evenly divided bipartisan composition," Martin wrote.

Senate leader Phil Berger, one of the lawsuit defendants, called the outcome a "breathtakingly partisan decision by the Democrats on the Supreme Court," and tweeted excerpts of dissents by Martin and Justice Paul Newby. (Emery P. Dalesio, THE ASSOCIATED PRESS, 1/26/18)

## **Pipeline Approval**

A key state permit for the Atlantic Coast Pipeline was approved by state regulators Friday, clearing a major hurdle for the interstate natural gas project to move ahead in North Carolina. The state Department of Environmental Quality announced its long-awaited decision more than a year and a half after Duke Energy and other partners filed their application. Opponents immediately vowed legal challenges to try to block the project.

The approval for the underground pipeline comes with a number of conditions for testing, monitoring and inspections. "DEQ left no stone unturned in our exhaustive eight-month review," DEQ Secretary Michael Regan said in the agency's announcement. "Our job doesn't end with the granting of the permit but continues as we hold the company accountable to live up to its commitments," DEQ said. "Our efforts have resulted in a carefully crafted permit that includes increased environmental protections while giving us the tools we need to continue close oversight of this project as it moves forward."

The Atlantic Coast Pipeline has already received several federal permits, as well as approvals from Virginia and West Virginia regulators, leaving North Carolina as the last major hurdle. The project still requires several minor state approvals in North Carolina: an air-quality permit to operate a compressor station in Northampton County, as well as stormwater permits for Nash and Cumberland counties. The issuance of the water quality certification Friday allows the pipeline to be built through and under wetlands, marshes, streams, creeks and other waterways. The pipeline, which will cross more than 300 waterways in North Carolina, will traverse eight counties roughly parallel to Interstate 95, bringing natural gas to operate Duke Energy's power plants and to heat homes and businesses.

The Sierra Club is one of dozens of groups involved in four lawsuits against the project -- including a suit against the National Park Service for allowing the pipeline to cross under the Blue Ridge Parkway in Virginia. The Sierra Club, warning of chemical spills during drilling and construction, vowed to continue its effort to organize local residents against the project and to try to block the pipeline through legal challenges. "The permit should have been denied," said Kelly Martin, the director of the Sierra Club's Beyond Dirty Fuels campaign. "We do not have the assurance the state's water quality won't be impacted by this massive fracked-gas pipeline that we don't need."

Duke Energy, which is replacing aging coal-burning power plants with modern natural gas burners,

characterized the approval as a boon for the economy and a plus for the environment. "With new infrastructure, the region will be able to attract manufacturers and other new industries, and the good-paying jobs they bring," Duke said. "It will also accelerate the transition from coal to cleaner-burning natural gas and support new investments in renewables, resulting in cleaner air and lower emissions in communities across the state."

N.C. Senate leader Phil Berger praised Gov. Roy Cooper for distancing himself from what Berger characterized as anti-business elements within the Democratic Party. Shortly after his administration approved the water permit, Cooper said the energy future points toward renewables such as solar and wind power, but natural gas will be needed as a bridge fuel until the renewable future arrives. The governor announced that Dominion Power and Duke Energy will put \$57.8 million into a fund to be used for environmental mitigation initiatives.

"My goal for North Carolina is complete reliance on renewable energy, which builds a cleaner environment and a stronger economy," Cooper said in a statement. "During the time it takes to get us to a full renewable energy future, we will still need to rely on other fuels as we move away from the pollution of coal-fired power plants." The 600-mile pipeline would extend from West Virginia, cross Virginia and arc through Eastern North Carolina, delivering natural gas from fracking operations in Pennsylvania and West Virginia.

The permit issued Friday is the main environmental statewide permit to allow construction to move ahead on a project that is already more than a year behind schedule and had been slated to begin operating by the end of this year. Now construction on the Atlantic Coast Pipeline is expected to start this spring, with completion at the end of 2019. The project has already begun tree removal and land clearing in the other two states and will start clearing in North Carolina when it receives state approval for its sedimentation control plan. (John Murawski and Anne Blythe, THE NEWS & OBSERVER, 1/26/18)

## **Superintendent Snub**

One day after North Carolina Superintendent Mark Johnson sparked controversy by saying \$35,000 is a good starting salary for some young teachers, the state's largest public school employee organization announced that it will not invite him to its annual convention this March.

Mark Jewell, president of the North Carolina Association of Educators, shared the news on Facebook late Friday, noting that this marks the first time in 48 years that the group has not invited a sitting state superintendent to speak at its Annual NCAE Representative Assembly. In an email to WRAL News early Saturday, Jewell explained there are "many reasons" his group is not inviting Johnson this year, despite allowing him to attend last year. "He was invited last year, just three months after he took office. He accepted and was politely welcomed by our members," Jewell said. "With his first year in office completed and his silence regarding cuts in public education of our 1.5 million students, his desire to privatize and deregulate our schools with vouchers and for-profit charters, and his silence in cuts to the Department of Public Instruction, we have decided not to invite him [this year]."

In a statement to WRAL News on Saturday, Johnson said: "My first priorities as state superintendent continue to be the students, educators and parents in North Carolina. Unfortunately, there are some who still want to play politics with the facts. I'm disappointed but not surprised this group wants to shut out diversity of ideas on how we improve our schools."

Johnson is an outspoken advocate for school choice but has been criticized for being silent at times about major issues facing traditional public schools, including budget cuts to the state education department. Johnson has said he prefers to work behind the scenes, speaking with lawmakers privately rather than sharing his thoughts on policy in public settings. But on Thursday, he shared his thoughts on teacher pay while speaking at a conference hosted by the North Carolina School Boards Association in Raleigh. Debbie Marsh, a Mooresville Graded School District board member, said the superintendent told the audience "that \$35,000 was a good salary for someone in their 20s."

A spokesman for Johnson said Friday that the superintendent was not being quoted accurately and defended his statements. "Johnson said that a \$35,000 starting salary (NC's starting teacher salary) is good money for a single 22-year old individual just out of college in many of our counties. Also, keep in mind that \$35,000 figure does not include local supplements or the value of the state employee benefits package," spokesman Graham Wilson said in an emailed statement. "His context was that in many North Carolina counties, that is above the median household income," Wilson added. "In fact, there are 17 counties in North Carolina with a median household income at or below \$35,000, and there are 33 counties where the median household income is below \$40,000, meaning in those counties an individual teacher would be making more than many families. In addition, Supt. Johnson told the group he is working with the General Assembly to increase the starting salary for teachers and make improvements to the teaching profession that will help attract and retain more great teachers." (Kelly Hinchcliffe, WRAL NEWS, 1/27/18)

## **Double Bunking**

N.C. Sen. Gladys Robinson, D-Guilford, says she'll move rather than face off against Republican Sen. Trudy Wade in this year's election, according to a tweet from WXII-TV reporter Bill O'Neil. The official Twitter account for Senate Democrats shared O'Neil's report. While the redistricting maps approved by the legislature last year keep Wade and Robinson in separate Senate districts, the maps developed by a Stanford University professor hired by a federal court put both the homes of Wade and Robinson in District 27, which is Wade's current seat. Republican legislative leaders are asking the U.S. Supreme Court to block a lower court ruling ordering that the professor's maps be used in the election.

Robinson's move would likely put her back in District 28, which includes much of Greensboro, leans heavily Democratic, and doesn't have another incumbent. Wade could still face a tough election battle if the special master's map is in effect. Wade would shift from a district with a slight Republican tilt (Republican Pat McCrory won last year by 1.7 percentage points) under the legislature's map to a district with a slight Democratic tilt (Democrat Roy Cooper won by 0.8 percentage points).

The Robinson news prompted some confusion about residency requirements, because typically candidates have to live in their districts for at least a year before Election Day. That requirement was dropped for this year's election under the redistricting ruling, so Robinson still has time to make a move. (Colin Campbell, THE INSIDER, 1/29/18)

## **Campaign Finance**

Eyes went wide and lawyers cringed Thursday afternoon when Lt. Gov. Dan Forest's campaign took credit for a \$1 million donation to a super-PAC that supported him in the last election. The email blast made clear: Forest raised the money, though it went to an outside group called Truth & Prosperity. These political action committees have rules forbidding coordination with candidates. Did this not violate them? It did not, according to attorneys who specialize in campaign finance. "Candidates can coordinate and affiliate with super-PACs on raising money but can in no way coordinate on the spending of money," said Josh Lawson, general counsel at the State Board of Elections and Ethics Enforcement.

Marshall Hurley, a former general counsel for the state Republican Party who has a long career in election law, agreed with Lawson's read. That doesn't mean Forest's announcement wouldn't make some people nervous. "I think you will see different levels of caution there," Hurley said. "But the trend has been toward less rigidity with some of those issues."

So-called "dark money" groups, nonprofits that don't have to name their donors, have held fundraisers in North Carolina in recent years with top state officials in attendance. Gov. Roy Cooper's office has acknowledged his visits to these events but says that, while the governor speaks at these events, he doesn't raise money. A similar dark-money group supported former Gov. Pat McCrory

during his term.

But super-PACs have very specific rules, and Bob Hall, the recently retired director of Democracy North Carolina, filed a letter with the State Board of Elections and Ethics Enforcement on Friday, calling for an investigation into Forest's campaign and dubbing his super-PAC fundraising illegal. "By his own admission, Forest has engaged in 'coordination' with the Super PAC, as defined by NC General Statute," Hall, a left-leaning watchdog on campaign finance regulations for many years, said in his letter. "It is bad enough that a candidate may appear at a fundraising event for a Super PAC without directly soliciting a contribution, but directly raising funds for the Super PAC is a level of intimate coordination that risks unacceptable political pressure and corruption."

The state Democratic Party cried foul on Friday as well, with party Executive Director Kimberly Reynolds saying Forest was, "not only potentially breaking election law by coordinating with a Republican super PAC, he's boasting about it. "Forest's own claim that he directly raised money for this dark money outside super PAC raises serious ethical concerns and may even be illegal," Reynolds said in the party statement.

The \$1 million donation in question came from Greg Lindberg, the owner of Eli Global in Durham. Lindberg also donated to the unsuccessful 2016 re-election bid of then-Insurance Commissioner Wayne Goodwin, who is now chairman of the state Democratic Party. (Travis Fain, WRAL NEWS, 1/28/18)

## **Health Merger**

Frustration is beginning to show about a proposal to make North Carolina home to one of the nation's largest hospital systems. At issue is the lack of public details about a deal-in-progress that some are calling the biggest healthcare development in the state's history. UNC Health Care in Chapel Hill and Carolinas HealthCare System in Charlotte have been in discussions for at least five months on combining their operations into a joint company with more than 50 hospitals and 90,000 employees. They had expected to strike a deal this month, but may not be able to work out business terms until March.

The information blackout makes it impossible for anyone to assess whether such a business deal would be good for North Carolina's residents or whether it would create a multi-tentacled monopoly capable of swallowing competitors and dictating prices for half the state.

Last week, Blue Cross and Blue Shield, the state's largest health insurer, announced it would not support the deal. Durham-based Blue Cross cited independent studies that conclude hospital consolidation leads to higher medical costs for patients and for health insurers. On Thursday, UNC system Board of Governors member Leo Daughtry said the board is also getting impatient. The board, which oversees the 17-campus UNC system, created a 6-member special committee to review the proposal, but Daughtry said the committee lacks the basic information it needs to conduct its due diligence to protect state-owned assets. Their concern: The UNC system includes UNC-Chapel Hill's medical school, which could be subsumed into the UNC-Carolinas partnership. "We don't know who's going to be in control," Daughtry said. "We really are somewhat frustrated that we are at this position."

On Friday, N.C. Treasurer Dale Folwell, whose office includes the health insurance plan for 700,000 state employees, teachers and retirees, told UNC's Board of Governors that he also has an asset to look after. Amid years of steeply rising health care costs, the State Health Plan has a \$35 billion unfunded liability and Folwell is looking for ways to cut \$300 million from the plan's expenses. "We have this ever-increasing buildup of concentration of power in the hands of fewer people, which, at the end of the day, impacts the affordability of the product I have the responsibility to try to deliver," Folwell said at the BOG meeting. "I'm trying to sustain these plans, and anything that impacts the accessibility or the affordability of health care for the people that I have the constitutional and fiduciary responsibility to serve, then I get concerned about it." Asked if he is officially opposing the UNC-Carolinas partnership, Folwell demurred: "I'm not in the business of N-O, but I have to be in the

business of K-N-O-W."

Asked about the complaints, a Carolinas spokeswoman referred questions to its negotiating partner in Chapel Hill. UNC Health Care spokesman Phil Bridges said in an email that UNC's medical school would remain under the control of the university and that the partnership's joint operating committee would have no control over it. In the broad outline of the partnership, the joint operating committee would be controlled by an independent board. The company would have a new name and its own headquarters, none of which has been decided. Responding to Folwell's concerns Friday, UNC Health Care CEO Bill Roper said the UNC-Carolinas partnership is all about making North Carolinians healthier. Under the proposal, Roper would chair the new board that would oversee the combined system. (John Murawski and Jane Stancill, THE NEWS & OBSERVER, 1/26/18)

## **Auditor Comments**

When North Carolina's state auditor heard that \$2.3 million had gone missing from the Wake County Register of Deeds office over eight years, she wanted to know how no one noticed. While criminal investigators looked to see if the money was stolen, state auditor Beth Wood ordered a review of the private company that Wake County hired to conduct the county's annual audit: South Carolina-based Elliott, Davis, Decosimo. "When I heard how simple the embezzlement went down, I thought, how could anybody with half a brain miss that?" she said. "I was convinced that [the external auditor] had not done his job."

The firm "didn't go through the door" of the registry, Wood soon discovered. But that's not the disturbing part, she said. What should alarm county leaders across the state, Wood said, is that Elliott, Davis, Decosimo audited Wake County in accordance with industry practices. The company did what it was supposed to do, she said -- and still didn't detect the missing money. "We looked at their work," Wood said. "They were absolutely by the standards. We found nothing wrong."

Register of deeds offices across the state -- each county's epicenter for legal and real estate transactions -- conduct millions of dollars worth of business each year, much of it in cash, but the officials elected to lead them largely operate with little oversight. Now in Wake County, four former deeds employees, including longtime Register Laura Riddick, are charged with embezzling a total of \$1.3 million over a span of eight years. The rest of the missing money remains unaccounted for.

Wood says the Wake deeds scandal serves as a cautionary tale to government and organization leaders across the state. Many have been left wondering: Who was supposed to be checking in on this relatively obscure office to ensure the proper safeguards were in place? The answer, Wood said in a recent interview, is county commissioners and a county's internal auditors -- even though registers of deeds may not be seen as directly accountable to commissioners because they are separately elected. To detect fraud, she said, leaders will need to order audits of specific departments. "This is what I have been telling people ever since: There was unwarranted reliance put on the typical annual financial statement audit," Wood said.

County leaders may think the standard annual audit they pay for every year looks closely at cash transactions going in and out of every department. It doesn't. Wood said firms like Elliott Davis, when conducting general financial statement audits, will focus on ensuring that the county's biggest revenue collection sources are operating correctly. And in the grand scheme of county business, deeds offices don't collect enough money to warrant a thorough inspection during a general financial statement audit. Banks and credit rating agencies are more concerned that the county effectively manages debt, collects taxes and pays its bills.

Take Wake County as an example. It has an annual budget of \$1.26 billion. Wake took in more than \$841 million in property tax revenues last year and \$177 million in sales taxes. So the \$6.9 million in cash of the \$29 million that flowed through the deeds office last year would have been "immaterial" to auditors, Wood said. External firms that conduct general audits of county books mostly "just confirm cash" for creditors, she said. "Wake says they have this much cash. The banks confirm, 'Yep, they did.' "

The state auditor's office, which Wood has occupied for nine years, has the authority to audit almost any government entity or contractor. After receiving a tip on her hotline, Wood recently audited the Wake County Sheriff's Office and found that 56 employees were wrongly paid twice for work at the State Fair. But Wood said she's never received a complaint about any deeds office. Audits of agencies like those are driven by complaints, she said. The only way the embezzlement in Wake would've been detected is through a department-specific audit, Wood said. "It's not the huge accounts people steal from. It's the ones under the radar," she said.

When it comes to oversight of elected offices like sheriff's departments and registers of deeds, the lines of authority are tricky. County commissioners are responsible for setting the budget for all county departments. But commissioners often hesitate to probe the office of another elected official. State law authorizes county finance officers to "supervise the receipt and deposit of money by other duly authorized officers or employees." But in Wake County, neither Wake's internal auditors nor its finance officer ever inspected the deeds office to see if cash received matched the number of transactions the office conducted.

Since finance directors report to county managers and county managers report to county commissioners, commissioners could instruct the county manager to authorize an audit, Wood said. The state association of county commissioners said it doesn't compile information about whether counties do additional audits beyond what is required.

Wake County officials have noted that Riddick was viewed as a competent leader and good financial steward. Investigators believe Riddick, a Republican, began embezzling in 2010 when Republicans controlled the Wake Board of Commissioners. Former Republican commissioners Paul Coble and Tony Gurley declined to comment, and others haven't responded to requests for comment. Democrats took control of the board in 2014, the year chairwoman Jessica Holmes was first elected.

"We were all shocked to learn that any individual department hadn't been audited in a number of years," Holmes said in an interview. She learned of the missing cash last year. "We should be auditing all departments, regardless of who's leading them, how nice someone is or how well run a department is perceived to be," she said.

John Stephenson, director of Wake's internal auditing team, told commissioners at a September meeting that his team of three full-time employees and two part-time employees didn't prioritize the registry because it appeared to be a well-run office. "When you say I should've known here or I should've gone there, to me, (between) missing money and making sure people get their food stamps or making sure people get their services, I'm always going to make sure people get those services because that's what this government is for," Stephenson said at the time. (Paul A. Specht, THE NEWS & OBSERVER, 1/26/18)

## **Class Size**

Lawmakers are in serious negotiations to work out a deal on a class size mandate that school districts say they cannot afford to carry out. The General Assembly two years ago passed legislation capping class sizes in kindergarten through the third grade, starting in the 2018-19 school year, saying the smaller classes would boost student achievement. But school leaders say the move will require extra teachers and more classrooms -- both would require additional funding -- or will force them to cut non-core classes, such as art, music and physical education.

House lawmakers voted unanimously last year to allow school districts some flexibility in class sizes, but Senate Republicans have repeatedly refused to consider it -- until now. "I'm pleased to say that we are making some progress on negotiations as far as the student-to-teacher ratio issue that a lot of people are concerned with," House Rules Chairman David Lewis said Friday.

Continued protests by parents and teachers, along with a nonstop barrage of calls and emails from both groups, have Senate leaders reconsidering their opposition. Sen. Tamara Barringer, R-Wake,

one of the Senate negotiators, said she understands the urgency because she has a child in public school. "I'm razor-focused on that issue, and I'm talking daily with my colleagues about it, and I'm looking for a comprehensive solution. So, hopefully, we will have one and have one very soon," Barringer said.

Lawmakers are taking a break until Feb. 7 while they wait for court rulings in three different lawsuits involving voting maps and election laws. But negotiators said they're continuing to work in the meantime, and they're hopeful they will have a deal by then that they can send to Gov. Roy Cooper. (Laura Leslie, WRAL NEWS, 1/26/18)

## **DEQ Audit**

A quartet of North Carolina Republican senators, including both representing the Wilmington region, asked last week for a federal audit of the N.C. Department of Environmental Quality's administration of permitting and Public Water Supply programs. "Because these are federally mandated programs, it is our belief that the (U.S. Environmental Protection Agency) is in the best position to evaluate and advise us on the adequacy of North Carolina's programs to protect public health and the natural environment," said the letter, addressed to Trey Glenn, the EPA's administrator for the Southeastern U.S. region.

In addition to calling for the audits, the senators' letter requested EPA guidance on whether the state can set standards for emerging chemicals if there are no such federal standards; whether existing monitoring efforts are sufficient; whether the DEQ needs to tweak its National Pollutant Discharge Elimination System (NPDES) permitting process to allow for quicker reviews; and what, if any guidance, the federal Centers for Disease Control and Prevention (CDC) or other federal health agencies have released. Dated Jan. 23, the letter was signed by Sen. Michael Lee, R-New Hanover; Sen. Bill Rabon, R-Brunswick; Sen. Andy Wells, R-Catawba; and Sen. Trudy Wade, R-Guilford. All four are members of the Senate Select Committee on N.C. River Water Quality, which Wade chairs. (Adam Wagner, WILMINGTON STAR-NEWS, 1/26/18)

## **Penalty Option**

The expense of meeting the state's new classroom-size mandate for elementary schools is a cloud hanging over the county, Wayne County Commissioner Joe Daughtery said. And during the board's Thursday budget planning retreat Daughtery suggested it would cheaper for the county to simply pay a penalty than come up with \$5 million to meet the requirement.

Former county manager George Wood has estimated the county would need to hire 50 new teachers. That cost, along with the expense of building a new school and its operating cost would be about \$4.1 million during the first year. "We need to resolve that (expense) because it is kind of hard to plan if you have got a \$5 million cloud hanging over you," Daughtery said. "I mean you don't know how you are going to come up with the \$5 million to fill the requirement."

State Sen. Don Davis was at the meeting earlier in the morning to talk about the mandate and low-wealth funding but had left before Daughtery made his comments. Daughtery said he had wanted to discuss that issue, but without Davis being in the room. "I think that we all have to be aware that we don't have a \$5 million problem, we have a \$200,000 problem," he said. "The reason that I say we have a \$200,000 problem is that as we have already found in the law the penalty for not being able to fulfill the additional classrooms and the additional teachers and the class size reduction -- the penalty for that is that the state will not fund the (schools) superintendent's salary here in Wayne County. "That is the only penalty. So it is not a \$5 million problem, it is a \$200,000 problem in that if we are not able to fulfill this, and there are not any remedies that come up from the legislature, and this law remains in effect, then we would have to pick up the cost of the superintendent's salary as a penalty for not fulfilling that."

Commissioner Ed Cromartie said he did not disagree, but worried about any "collateral damage" the county could incur by deciding it could cure its problem by simply paying the superintendent's salary.

Cromartie, a retired educator, said that based on his experience with Raleigh and the state Department of Public Instruction some factors will kick in if that is the route the county takes. "Before we consider that someone needs to do some research to see what the side effects would be because for any action there is a reaction," Cromartie said. "So let's be careful on that." (Steve Herring, GOLDSBORO NEWS-ARGUS, 1/26/18)

## **Marshall Impeachment**

In the summer of 2017, House Republicans moved toward an impeachment investigation against Secretary of State Elaine Marshall over accusations that she had allowed people in the U.S. illegally to become notaries public. The process hasn't moved forward since. Even some of the Republicans who voted at the committee level to go forward seemed queasy about the prospect, which was pushed mainly by now-former state Rep. Chris Millis. Among other things, Millis could produce no evidence that any law enforcement entity was investigating his accusations against Marshall, which, if true, would have been crimes. But the Republican-controlled House Rules Committee voted, along party lines, to move forward against the Democratic secretary of state. That same day, campaign records show, Marshall created a legal defense fund, a separate fundraising committee that can be used to cover legal fees. Marshall said Friday that she had hired legal powerhouse Womble Carlyle "within a day of that ambush at the end of June."

"I knew that I had to play offense, not solely defense," Marshall said. "If you act like a doormat, you're going to be a doormat." Marshall also said her attorneys sent House Speaker Tim Moore a letter asking a number of questions and asking for emails his office might have about the proceedings. He did not supply anything, she said. Instead, Marshall got word through what she called back channels that there was "no appetite" in the House to move forward. (Travis Fain, WRAL NEWS, 1/28/18)

## **Vaya Salaries**

With state government investigating one of the state's largest managed care organizations and cutting millions in funding for all behavioral health care system organizations, the High Country's local managed care organization Vaya Health recently received approval for one of the highest MCO salaries in the state. Vaya Health, founded in 1972 with current headquarters based in Asheville, has overseen a 23-county area from Cherokee to Ashe since 2013. An audit by the state found that Vaya CEO Brian Ingraham's salary was \$217,155, also above the then-maximum public managed care organization range. The other public managed care organizations in North Carolina -- Partners Behavioral Health Management of Gastonia, Alliance Behavioral Healthcare of Durham, Sandhills Center Office of West End, Trillium Health Resources of Greenville and Eastpointe of Beulaville -- all paid their top executives below the maximum range. The Office of State Human Resources noted in the audit report that a letter was sent to Vaya regarding the findings. "Following notification on Aug. 10, 2017, that N.C. Office of State Human Resources had established a new salary range that was slightly below Mr. Ingraham's current salary, the Vaya Board of Directors formally requested a waiver of the salary limit on Sept. 28, 2017," a spokesperson for Vaya said. (Thomas Sherrill, THE WATAUGA DEMOCRAT, 1/28/18)

## **Duke Profits**

Utility analysts say that Uncle Sam's new tax law means Duke Energy Carolinas will reap between \$171 million and \$210.5 million in added revenue each year and that should result in a smaller rate increase for its customers. The recently passed federal Tax Cuts and Jobs Act of 2017 slashes Duke Energy Carolinas' corporate income tax rate by about 40 percent, from the federal government's previous take of 35 percent to its new 21 percent share, said Brian Coughlan, a utility rate analyst in Wilmington who filed a report on the issue earlier this week with the N.C. Utilities Commission, which sets the prices that consumers pay for utility services.

"Their tax bill will go down. They're asking for a large rate increase," Coughlan said Friday of Duke Energy Carolinas' \$647 million request. "All we're trying to argue is, hey, in determining what their rates ought to be take that into account. They ought to get a smaller increase to account for the

break they are getting on their taxes," said Coughlan, who submitted his report on behalf of the N.C. League of Municipalities.

Coughlan is a former engineer and manager at the defunct Carolina Power & Light Co., and he now runs a private utility billing, auditing and rate consulting company. He is working as an expert witness for the league, which wants the utilities commission to help city and town governments by maintaining reasonable rates that communities pay for electricity to, for example, keep streetlights shining at night and water plants working around the clock. The Charlotte-based utility asked the utilities commission this summer for a rate increase that, if approved as submitted, would net \$647 million more a year for its division that serves the Triad, much of the state's midsection and its westernmost reaches.

Coal ash cleanup has been the most controversial part of the proposal because it accounts for more than half the requested increase in annual revenue, including \$135 million a year for cleanup work already completed and \$201 million a year in future costs related to coal ash "compliance." The grimy waste product created by the generation of electricity dominated the discussion Wednesday at a public hearing the utilities commission held at the Guilford County Courthouse to gauge public thinking on the proposed rate increase.

Coughlan estimated in his report that under the new federal tax structure, Duke Energy Carolinas' corporate tax burden would fall from the current amount of nearly \$448 million a year to the division's new tab for 2018 of about \$277 million a year, or a tax break of \$171 million. The utilities commission's public staff, in a report it also filed this week, has estimated that the new law would bring Duke Energy Carolinas an even greater windfall. The public staff, an independent agency that advocates for consumers in matters before the utilities commission, predicts that the new tax law should boost Duke Energy Carolinas' annual revenues by \$210.5 million.

In fact, the public staff -- which does not comment on its findings outside of official forums -- found a total of nearly \$300 million in potential cuts to the rate increase as originally proposed, including the tax-cut windfall as the largest component. Coughlan noted that the Duke Energy Carolinas rate request now being deliberated was made this summer, well before the new tax bill took shape in Washington and was signed into law by President Donald Trump.

But the utility was mum Friday on whether it agreed with the analysts' theory that its proposed rate increase should be trimmed in line with its newly reduced tax obligations. "Our customers will see savings and other benefits resulting from the new tax law," company spokeswoman Meredith Archie said Friday in an email. "We are currently determining the best path forward and will include additional details when we respond to our regulators' requests next week."

The utility's response next week would be in answer to an order from Edward Finley, the chairman of the utilities commission, requiring a detailed report from each of the state's public utilities on how they plan to react to the new tax law, Archie indicated. (Taft Wireback, GREENSBORO NEWS & RECORD, 1/26/18)

## GenX Testing

Researchers at the University of North Carolina Wilmington are rechecking their work to quantify levels of GenX in the Cape Fear River and drinking water after releasing results that appear, at least in part, to drastically contradict those from the state and Cape Fear Public Utility Authority. The CFPUA signed a \$64,607.88 contract with UNCW last summer for work that includes testing for fluorochemicals.

On Thursday, CFPUA published UNCW's most recent report of its work on the utility's website. Among other things, the report shows researchers measured GenX as high as 999 parts per trillion (ppt) at the utility's intake on the Cape Fear from a sample drawn Nov. 28. Drinking water tested by UNCW the same day showed GenX at just 52 ppt. Other results reported include 606 ppt in river water and 17 ppt in tap water on Dec. 13, and 253 ppt in finished drinking water on Dec. 21. The state's health

advisory for GenX in drinking water is 140 ppt.

By contrast, data published by the N.C. Department of Environmental Quality (DEQ) measured GenX at the outfall to the river from Chemours, the company where GenX originates, on Nov. 2 at 370 ppt, a level never exceeded in biweekly tests conducted through Dec. 7. CFPUA's own tests, performed by a private lab, showed no more than 41 ppt in finished drinking water through November and December. Some variability is expected between levels of such contaminants in raw water from CFPUA's intake and of drinking water sampled on the same day, a factor acknowledged in UNCW's report.

Those samples originate from different "packets" of water because it takes several hours for water to pass through the various stages of treatment. Even so, the degree of variability in UNCW's data and the conflicts with the state's and CFPUA's measurements raise questions about UNCW's results.

"CFPUA and our laboratory have not seen the variability displayed in the UNCW data set," said one researcher, who spoke on the condition of anonymity.

G. Brooks Avery, a UNCW professor on the research team, said he is "very confident that our data is accurate," but tests are being conducted on duplicate samples to verify the findings. Results should be available in about two weeks. He and fellow professor Steve Skrabal, another team member, pointed to a number of factors that could account for UNCW's results, such as differences in concentrations based on when or where samples were taken. "We hate to speculate about anything until we confirm results," Skrabal said. "We always want to be 100 percent sure. From what we've done internally we feel like we're getting a good answer. Right now we're in the process of basically repeating our analysis. This report is not meant to be the final word. We're trying to get the right answer."

CFPUA board Chairman Mike Brown said Friday his staff received the report on Monday and questioned UNCW researchers, who indicated they would test duplicate samples and double-check calculations. "This UNCW data, obviously, is not consistent with other data," Brown said. The utility decided to publish the data anyway "in the spirit of transparency," he said. Attempts to reach officials at DEQ were unsuccessful. (Vaughn Hagerty, WILMINGTON STAR-NEWS, 1/26/18)

## **Overdose Kits**

The drug naloxone has become key in saving lives from opioid overdoses. It's such a vital tool for fighting the opioid epidemic that many law enforcement officers in North Carolina now carry it with them at all times. But there are still many agencies in the state not carrying it. And many of them are in counties hard hit by the opioid epidemic. 21 of North Carolina's 100 counties have no law enforcement carrying naloxone. Many of these are rural counties with higher per-capita overdose death rates than the state's major metro areas. The reason many smaller agencies don't carry naloxone is that there is no central distribution of the drug and no requirement to carry it. It's entirely up to each individual agency whether they want to carry naloxone or not. Despite a steady rise in opioid overdoses over the past few years, some smaller departments would rather leave lifesaving to paramedics and firefighters. Others worry about the cost. There are federal grants available but some small departments aren't aware of these funds or have been unsuccessful obtaining them.

And the retail price for naloxone, which is sold under the brand name Narcan, is prohibitive for smaller departments. The price can span from \$50 for a Narcan nasal spray to \$3,700 for a two-pack of auto injectors. "We don't live in a utopia," said Sheriff Jimmy Thornton of rural Sampson County. "Surely your Mecklenburg Counties, your Wake Counties, you know big metropolitan police agencies, they can afford the stuff." Thornton wants his deputies to carry the drug in case they're exposed to the opioid fentanyl, which is used as a pain medication and is 50 times more potent than heroin, according to the Centers for Disease Control and Prevention. If deputies carried naloxone they could theoretically revive a partner, although research shows cases of these accidental overdoses are extremely rare.

The state wants law enforcement to carry naloxone, but EMS agencies are best for distributing the drug to opioid users and their families, according to Susan Kansagra, section chief for chronic disease and injury at the North Carolina Division of Public Health. "Part of those (40,000) doses went to local EMS agencies to leave behind extra doses or to distribute directly to communities at high risk," Kansagra said. (James Morrison, WUNC RADIO, 1/28/18)

## **PCI Staffing**

Three months after a deadly escape attempt, Pasquotank Correctional Institution remains seriously understaffed, based on numbers the N.C. Department of Public Safety reported Friday. There are 104 vacancies currently at PCI, DPS spokesman Jerry Higgins reported in an email to The Daily Advance. That's compared to 312 full-time positions, meaning roughly 1 in 4 full-time positions are unfilled. Of the 104 vacancies, 75 are for correctional officers. The prison has 189 correctional officers currently, he reported. While PCI still lacks staff, the employees there now are not stretched as thinly as they were on Oct. 12, when inmates attempted to escape. They failed but still killed four employees in the process. Higgins reported DPS has reduced the prison population to be more manageable. He didn't share an exact number, but a search of DPS's website shows PCI's population was 588 as of Dec. 31. That's compared to the 725 inmates DPS reported in an Oct. 13 release. (Jon Hawley, THE (Elizabeth City) DAILY ADVANCE, 1/28/18)

## **Campaign Tickets**

After the Gov. Roy Cooper won election in 2016, his campaign continued spending big bucks throughout 2017 -- including more than \$15,000 on tickets to events at UNC-Chapel Hill. Cooper, who went to UNC for both undergrad and law school, is not shy in his Tar Heel fandom. Legendary point guard Phil Ford even campaigned on his behalf in 2016.

So is he using his donors' support to buy basketball season tickets? No. His campaign strategist and spokesman, Morgan Jackson, said when Cooper is invited to games, the campaign pays for the cost of his seat to avoid concerns over ethics or transparency. "Any time that he is offered tickets or given tickets to ball games, we always pay for them just to make sure we stay on the right side of campaign finance law," Jackson said. The Cooper For North Carolina campaign reported paying \$15,032 to UNC to cover ticket prices in 2017.

It's unclear if those were all for sports or also included concerts and other shows on campus. The money was sent in a handful of lump sums, ranging from \$1,196 to \$4,300 at a time. State law allows campaigns to spend money on anything "resulting from the campaign" or "resulting from holding public office." His campaign finance report for the first half of the year came out in July, and the report covering the second half of the year came out this week.

And here's the answer to the biggest question for Tar Heels fans: Cooper's campaign reports no payments to Duke -- for tickets or anything else. The only team other than UNC to receive money from the Cooper campaign was the Carolina Hurricanes, which received \$150 from his campaign for tickets. The Cooper campaign's spending on UNC tickets is only a drop in the bucket of more than \$1.1 million it spent in 2017.

So what does a politician's campaign spend money on after he wins the election? Cooper's campaign spent more than \$220,000 on mailers, including paying for postage, for consulting and to buy lists showing where to send all that mail. The campaign also paid just shy of \$184,000 last year to Nexus Strategies, the political consulting firm founded by Jackson and Scott Falmen, who serves as the treasurer for the Cooper campaign. The firm also made more than \$2.2 million from the campaign in 2016, and \$204,000 in 2015. In 2017 the campaign continued fundraising, too, to the tune of \$1.5 million. During the 2016 race for governor, Cooper's campaign raised \$24.7 million and spent \$22.8 million. (Will Doran, THE NEWS & OBSERVER, 1/26/18)

## **Person Megasite**

Person County has joined the hunt for a major industry by offering a newly certified "megasite" to accommodate a large-scale operation. Person, which is north of Durham County and borders Virginia, has the fifth megasite in North Carolina. The sites are designated by the state because they have enough acreage, potential workers and access to roads and utilities to attract big industrial companies. The 1,394-acre site puts Person County in contention with other rural areas of the state where land has been set aside for manufacturing operations that take up a lot of space. A site in Randolph County near Greensboro was seen as the state's most likely candidate for the Toyota-Mazda joint car manufacturing plant. But it was the runner-up earlier this month when the companies chose Alabama instead.

At the Person County site, geotechnical studies have been done, wetlands and stream issues have been cleared by the U.S. Army Corps of Engineers, and environmental, archeological and wildlife studies have been completed. State transportation officials have approved a long-term traffic study. There are two megasites in Chatham County, one in Edgecombe County, and the Randolph County site. The Person County site, located in the northern part of the county, has been in the works since 2013. (Craig Jarvis, THE NEWS & OBSERVER, 1/26/18)

## **Rockingham Cases**

Teresa Vanover admitted to selling her teenage daughters for sex. And Everett Ferris Jr. and Thomas "Tommy" Woodall admitted to buying sex from her daughters in what a judge called "one of the most disturbing cases" of his career. So it was equally disturbing to Rockingham County residents when their interim District Attorney Tom Keith announced in court documents Tuesday that he had found several errors in their convictions and likely would have to bring their cases back to court. The worst of those mistakes was that they were charged with crimes that aren't supported by evidence, Keith said Thursday. And those mistakes could lead to reduced sentences if more serious charges are changed to lesser ones with smaller sentences, according to Keith.

All of their cases were handled by former Rockingham County District Attorney Craig Blitzer, who last year pleaded guilty to failure to discharge the duties of his office after an 11-month State Bureau of Investigation probe into his office. Keith's revelation Tuesday brought into question what would happen to the co-defendants of the Eden prostitution ring and whether any other cases could be brought back because of prosecutorial errors.

Keith became interim district attorney after Blitzer's resignation on March 10, 2017. On Thursday, he met with his staff of seven attorneys to discuss what to do about the other cases handled by Blitzer. Right now, their decision is to do nothing. "The defense attorney will do our work for us," Keith said. "They'll see things we didn't see." It could be problematic for Keith if a defense attorney does find a mistake. Keith has said Blitzer ordered his staff to throw out case files from the previous administration and as they were completed during his tenure. That decision not only goes against the norm of a typical prosecutor's office but also state statute, which require case files be kept for a certain length of time, depending on the type of case. (Danielle Battaglia, GREENSBORO NEWS & RECORD, 1/27/18)

## **Farr Accusation**

The U.S. Department of Justice has declined to release decades-old documents that could shed light on an accusation that a pending nominee to the U.S. District Court in North Carolina lied to a U.S. Senate committee. Attorney Thomas Farr's confirmation has been a rocky one, with members of Congress and others all but calling him a racist over his ties to late U.S. Sen. Jesse Helms' political machine and his legal work defending Republican-backed voter ID and redistricting efforts in North Carolina. Democratic 12th District Congresswoman Alma Adams, for example, called his nomination "another tragic example of the racism that permeates President Trump's actions and animates his policies."

U.S. Sens. Thom Tillis and Richard Burr, who recommended Farr for the open seat on the bench in the Eastern District, which covers Raleigh, have stood by him, complaining of character

assassination. Farr's nomination hit a speed bump after a November report from *Indy Week*, which quoted former Justice Department attorney Gerald Hebert, now at the left-leaning Campaign Legal Center. As part of confirmation hearings, Farr had told the Senate Judiciary Committee that he didn't know about a Helms' campaign mailer meant to suppress the black vote in North Carolina until the mailers had gone out and the Justice Department started asking questions. Farr described himself as "appalled" by the letter.

Some of Farr's supporters dismissed Hebert's account. Hebert had also testified against now-U.S. Attorney General Jeff Sessions's appointment to a federal judgeship in 1986, and he ended up recanting a portion of that testimony, which is archived online. Sessions' predecessor, Hebert acknowledged, had attempted to block a civil rights investigation in Alabama, not Sessions himself. Hebert had initially backed the testimony of a colleague, who'd said Sessions was to blame.

U.S. Sen. Corey Booker, a New Jersey Democrat, sent the Justice Department a letter seeking documents from the Helms campaign investigation that might clear up what meetings Farr was involved in, what he knew about the mailer and when. The DOJ's response? According to Booker's office, silence. The department ignored his request, a spokesman said. WRAL News reached out to the department on this. "DOJ declines comment," spokesman Devin O'Malley said in an email. (Travis Fain, WRAL NEWS, 1/26/18)

## **Davos Trip**

Eleventh District U.S. Rep. Mark Meadows was among a handful of members of Congress who attended the World Economic Forum last week, held in the upscale ski resort town of Davos, Switzerland. The forum is a gathering of some of the world's best-known thinkers, government officials, businessmen and heads of nonprofit organizations.

President Donald Trump was among more than 30 heads of state who attended. Meadows, R-Buncombe, was one of the speakers in a panel discussion Thursday entitled "Left Behind in the United States" that addressed the question of what is the way forward for Americans who feel they are not seeing progress in their economic status.

Meadows' press secretary Ben Williams said in an email the trip was part of a bipartisan congressional delegation "organized by Majority Leader (Kevin) McCarthy that allowed members of Congress to attend events related to their Committee work. Mr. Meadows was there as a member of the Foreign Affairs Committee, speaking and participating on member panels about economic issues in the U.S. and abroad." Williamson did not respond to a question about how much it cost for Meadows to attend and who was picking up the bill.

Seven members of the U.S. House, including Meadows, and one senator were expected to attend, according to a preliminary list of attendees released by the forum organization. Second District U.S. Rep. George Holding, a Republican who represents areas east and south of Raleigh, is the only other member of Congress from North Carolina on the list. (Mark Barrett, ASHEVILLE CITIZEN-TIMES, 1/26/18)

## **Buncombe Redistricting**

The most recent proposal by a Republican legislator to redraw judicial districts would force some of Buncombe County's Democratic judges to eventually run against each other for re-election if they want to stay on the bench. Four District Court judges would be drawn into what would likely be a Republican-leaning district that would elect only three District Court judges. Three District Court would be in a strongly Democratic district that would choose two District Court judges.

State Sen. Terry Van Duyn, D-Buncombe, says Republican members of the General Assembly are trying to get more members of the GOP on the bench and have targeted Buncombe County as part of their effort. "We should not be punished for voting Democratic. Our judges shouldn't be punished for being elected by Democrats," she said. But Sen. Chuck Edwards, R-Henderson, said a House-Senate

committee looking at issues related to the judiciary is still in a discussion phase and that he hasn't seen evidence that anyone is trying to put seated judges out of work. "It has not been presented to us what judges live in what districts," he said. "What I do know is there is a sincere consensus on the ... committee that we should work to protect current sitting judges."

The two Superior Court and seven District Court judges based in Buncombe County currently run in countywide elections and all are Democrats. Countywide races in Buncombe favor Democratic candidates because the county as a whole tends to vote Democratically. Dividing it into districts can help Republican candidates, as happened when the legislature went to a district election system for most seats on the county Board of Commissioners.

Burr, who is co-chairman of the joint select committee, presented a new proposed district map to the committee Monday that called for three districts in Buncombe County and would make other changes elsewhere. One proposed Buncombe district takes in northern and western parts of the county, would favor Republican candidates and would elect three District Court judges. Four Democratic District Court judges live within its boundaries. The other two districts would pick two District Court judges each. One comprises most of Asheville, is heavily Democratic and home to three incumbent District Court judges. The third would include eastern and southern parts of the county and probably would not heavily favor either party. No incumbent District Court judges live in it.

Democrats have roundly criticized Burr's proposal and others like it in meetings of the select committee, saying counties that vote Democratic would be treated differently than those that vote Republican. They have asked in vain for a detailed explanation of what criteria Burr is using to propose new maps. "Under the plan that you've presented, a voter in Durham County only gets to vote for two out of their seven District Court judges but a voter in Gaston County gets to vote for all seven of their District Court judges," Rep. Darren Jackson, D-Wake, told Burr Jan. 11. "Do you think that's fair?"

Burr said it is. He said he is simply following a policy by the legislature of dividing urban areas into multiple districts for election purposes. "We're just continuing the policy that's been in place," he told Jackson. He did not respond to a request for comment Friday. (Mark Barrett, ASHEVILLE CITIZEN-TIMES, 1/27/18)

## **Medicare Overbilling**

Carolinas HealthCare System overbilled the federal Medicare program an estimated \$1.7 million for patients treated at two hospitals near uptown, according to a new federal audit. The findings on Carolinas Medical Center and CMC-Mercy are part of a report this month from the Department of Health and Human Service's Office of Inspector General, which routinely conducts similar reviews of U.S. hospitals.

Charlotte-based Carolinas HealthCare, the region's dominant hospital system, said it plans to appeal the findings. According to the report, the two hospitals lacked adequate controls to prevent incorrect billings, the report said. The audit, based on a random sample of 240 Medicare payments in 2014 and 2015, found the hospitals didn't fully comply with the program's billing requirements for 83 claims, or about 34 percent. As a result, Medicare -- a key health insurance program for older Americans and those with disabilities -- was overbilled \$331,831, the report said. Errors resulted in part from some claims being incorrectly coded, according to the report.

Based on its findings from the sample, the inspector general said the two hospitals received at least \$1,659,619 in overpayments during the two-year period. The inspector general has recommended the hospitals refund that amount to Medicare. In its a statement, Carolinas HealthCare said: "While this audit identified alleged inpatient coding discrepancies in only 5 percent of audited payments, we disagree with many of the findings as well as the methods used to arrive at the ultimate conclusions." (Deon Roberts, THE CHARLOTTE OBSERVER, 1/26/18)

## **Data Breach**

The Charlotte Housing Authority is working to correct a data breach that it said compromised personal and private information for current and some former employees. According to housing authority officials, the breach came in the form of an email requesting employee W-2 information. The email appeared to be from the CEO. The requested information was sent before Jan. 19 when it was discovered that the request was made from a fraudulent account.

The IRS Tax Form W-2 sent in response to the request includes employee names, addresses, Social Security numbers and wage information. All current employees have been notified of the breach, and efforts are being made to notify former employees. Housing authority residents and business partners were unaffected, officials said. (Alex Giles, WBTV NEWS, 1/27/18)

## **Superintendent Future**

Alamance-Burlington Schools Superintendent Bill Harrison could make a run for N.C. State Superintendent in 2020. He tweeted around noon, Friday, Jan. 26, "Learned 3rd hand yesterday the state superintendent will be visiting a civic club in Alamance County. Been trying to get him to ABSS to see our great schools since he was elected. Wow, May run in 20."

Harrison, who's been ABSS superintendent since 2015 (having been hired as an interim in 2014), is slated to retire June 1, which would give him ample time to campaign for the position. He's also no stranger to elected office, having been chair of the State Board of Education from 2009 to 2013, and the state's first chief executive officer of public education -- a position created by Gov. Beverly Perdue to consolidate authority and accountability for public schools.

Prior to that, his education career included serving as superintendent in Cumberland, Orange and Hoke counties, and as an assistant superintendent in Brunswick County Schools, giving him more experience as a superintendent than current State Superintendent Mark Johnson. Harrison says he's made "no official moves" to run for the seat, but that he's "frustrated by what's happening in Raleigh and the lack of responsiveness and support from the state superintendent's office, thus the tweet." "I know I'll do something after I leave ABSS," he said. "I'm not sure what." (Jessica Williams, BURLINGTON TIMES-NEWS, 1/26/18)

## **Drawbridge Closure**

Cars have rolled over a drawbridge in North Carolina for the last time. Officials closed the Grayden Paul Bridge in Beaufort that carried U.S. Highway 70 across the Intracoastal Waterway on Saturday, just hours after opening a new high-rise bridge nearby. The 60-year-old drawbridge will be torn down by this summer. Beaufort officials say they plan to make the land around the bridge into a new park. The \$66 million project also includes a new road that will allow U.S. 70 to bypass downtown Beaufort. Less than a dozen drawbridges remain in coastal North Carolina. (THE ASSOCIATED PRESS, 1/28/18)

## **Chancellor's Residence**

Two ECU alumni and UNC system governing board members -- one former and another currently serving -- offered different viewpoints in the ongoing debate over the fate of the ECU chancellor's residence, mirroring the divide within the university community and public sector. The ECU administration had been given permission by the Greenville Historic Preservation Commission to seek bids for sale and removal or demolition of four properties around the current chancellor's residence to facilitate its renovation and upgrade, with the understanding that it would continue to serve as the chancellor's family home and event site. The current estimated cost for the renovation and expansion is \$3.5 million, including the approximate \$1.2 million cost of the purchased properties.

That plan, going back at least to 2015, apparently changed when the private ECU Foundation last week accepted an offer from a Greenville dentist to buy his home in the private, affluent Star Hill Farms neighborhood on the western edge of Greenville for \$1.3 million. The sale has not been closed,

according to the foundation president.

Greenville radio show host and ECU alum Henry Hinton, who chaired the ECU Foundation until 2013, when he resigned to accept a seat on the UNC Board of Governors, said he is not involved in the property issue but does not understand the vehement opposition of many to the deal. Hinton said he has seen some volatile postings about the matter on social media that he believes contribute to negative public impressions. "If you only hear the negative side, it will influence your feelings," he said. "I think we all would prefer to have the chancellor and the residence be close to campus, but it became painfully obvious during the last 15 years or so that it just isn't feasible any more due to the costs and other problems. It's become clear that we've got to have a new strategy." Hinton said he believes the Fifth Street residence has become an ECU recruiting issue.

Current UNC Board of Governors Vice Chairman and ECU alum Harry Smith Jr. this week said that the new property does not represent the fact that ECU is surrounded by Tier-1 counties with many first-generation college students.

"I don't think this sends the right message to those students about what a university in the public system is and who we are," Smith said. Hinton asked whether that sort of view means ECU, with a medical and dental school, a school of engineering and a first-class nursing school should strive to be more like Fayetteville State University and UNC Pembroke. "I think it's a terrible perspective to think more about who we are than who we want to be and work toward being it," he said. (Michael Abramowitz, THE (Greenville) DAILY REFLECTOR, 1/27/18)

## **HIV Medication**

With new HIV infections believed to be increasing, Mecklenburg County's Health Department is launching a pilot program to give 320 high-risk people a drug designed to reduce the risk of getting the virus. The county is partnering with drug-maker Gilead, which will distribute daily doses of Truvada to people believed to be at risk of contracting HIV. While Gilead will cover the drug's cost, the county will spend \$233,000 over six months to pay for the clinic visits and testing for people participating in the trial.]

In Observer articles last year, commissioners and LGBTQ advocates questioned why the county didn't move faster to distribute the drug. Commissioners set aside money for PrEP last year and health departments in at least five North Carolina counties offer it to patients. Mecklenburg's rate of 30.4 new HIV infections per 100,000 is more than twice the national average. At least 6,630 people in Mecklenburg County are living with HIV, a more than 30 percent spike since 2012, the county has said. There were 24 new cases in 2016. (Steve Harrison, THE CHARLOTTE OBSERVER, 1/26/18)

## **Confederate Flags**

A third large Confederate flag is now flying along a North Carolina interstate as the Sons of Confederate Veterans say they are flying the rebel banner because in other places in the South, Confederate memorials are being removed. The latest flag was put up along Interstate 40 in Burke County near Morganton. Other Confederate flags fly along I-40 in Catawba County near Hickory and Interstate 95 in Cumberland County near Fayetteville. The Confederate flags fly on poles on private property but are easily seen from the highway. Civil rights leaders say they understand the group can fly the flags, but think it's wrong to not consider what the flag means to African-Americans and others since blacks living under the flag were slaves in a place that was willing to fight to keep them in chains. Confederate groups are trying to get a flag up for every Confederate memorial taken down, like the statue to Southern general and early Ku Klux Klan leader Nathan Bedford Forrest which was removed in Memphis, Tennessee, last month. (THE ASSOCIATED PRESS, 1/28/18)

## **UNCW Chancellor**

The chancellor at a school in the UNC system school says he will be undergoing heart bypass surgery. UNC Wilmington Chancellor Jose Sartarelli said in a statement on Friday that he will be out of his office for a few weeks beginning Monday, adding that he expects to have the surgery next

week before returning home to recover.

Sartarelli said he has discussed his absence with his leadership team to ensure his absence won't interfere with ongoing or upcoming projects. Provost Marilyn Sheerer will serve as chancellor in Sartarelli's absence, and he said she will have full authority on matters affecting UNCW. Sartarelli is the sixth chancellor at UNCW. He took office on July 1, 2015. (THE ASSOCIATED PRESS, 1/27/18)

## House Calendar

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### Monday, Jan. 29

House Convenes at 12:00 p.m.

- No Bills Scheduled.

## Senate Calendar

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### Tuesday, Jan. 30

Senate Convenes at 12:00 p.m.

- No Bills Scheduled.

## Legislative Studies and Meetings

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Items in **RED** are new listings.

**LB:** Legislative Building

**LOB:** Legislative Office Building.

More Information: <http://ncleg.net/LegislativeCalendar/>

### Tuesday, Jan. 30

- **12 p.m. | Select Committee on Disaster Relief, 544 LOB.**
- 10:30 a.m. | The Social Services Regional Supervision and Collaboration Working Group (2017), UNC School of Government / Rooms 2401 & 2403.

### Wednesday, Jan. 31

- 10 a.m. | The Joint Legislative Task Force on Education Finance Reform (2017), 544 LOB.

### Thursday, Feb. 1

- 10 a.m. | The Joint Legislative Oversight Committee on Information Technology, 544 LOB.

### Monday, Feb. 5

- 1 p.m. | House Select Committee on Strategic Transportation Planning and Long Term Funding Solutions, 544 LOB.

### Tuesday, Feb. 6

- 9 a.m. | The Joint Legislative Oversight Committee on General Government, 544 LOB.
- 10 a.m. | The Joint Legislative Education Oversight Committee, 643 LOB.

- 10 a.m. | Child Fatality Task Force Meeting, 1027/1128 LB.
- 11 a.m. | The Permanency Innovation Initiative Oversight Committee, 421 LOB.
- 12:30 p.m. | The Committee on Intellectual and Developmental Disabilities (LRC)(2017), 415 LOB.
- 1 p.m. | The Joint Legislative Commission on Energy Policy, 544 LOB.

### **Wednesday, Feb. 7**

- 10 a.m. | The Joint Legislative Oversight Committee on Unemployment Insurance, 544 LOB.

### **Thursday, Feb. 8**

- 9 a.m. | The Joint Legislative Transportation Oversight Committee, 643 LOB.
- 10 a.m. | The Joint Legislative Oversight Committee on the North Carolina State Lottery, 643 LOB.
- 1 p.m. | The Joint Legislative Economic Development and Global Engagement Oversight Committee, 643 LOB.

### **Monday, Feb. 12**

- 9 a.m. | Joint Legislative Oversight Committee on Health and Human Services, Subcommittee on Aging, 423 LOB.
- 1 p.m. | The Joint Legislative Program Evaluation Oversight Committee, 544 LOB.

### **Tuesday, Feb. 13**

- 10 a.m. | Child Fatality Task Force Meeting - Unintentional Death Prevention Committee, 1027/1128 LB.

### **Wednesday, Feb. 14**

- **1 p.m. | The Environmental Review Commission, 643 LOB.**

### **Thursday, Feb. 15**

- 10 a.m. | The Committee on Private Process Servers (LRC)(2017), 423 LOB.

### **Monday, Feb. 26**

- 1 p.m. | The Joint Legislative Program Evaluation Oversight Committee, 544 LOB.

### **Wednesday, March 7**

- 10 a.m. | Child Fatality Task Force Full Meeting, 1027/1128 LB

## **N.C. Government Meetings and Hearings**

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Items in **RED** are new listings.

### **Monday, Jan. 29**

- **10 a.m. | North Carolina Science Advisory Broad meets, Ground Floor Hearing Room, Archdale Building, 512 N. Salisbury St., Raleigh.**

## **Wednesday, Jan. 31**

- 6 p.m. | The N.C. Division of Marine Fisheries' Blue Crab Fishery Management Plan Advisory Committee meets, N.C. Department of Environmental Quality's Washington regional office, 943 Washington Square Mall, Washington.

## **Thursday, Feb. 1**

- 1 p.m. | The N.C. Commercial Fishing Resource Funding Committee meets, at the Department of Environmental Quality's Washington Regional Office, 943 Washington Square Mall, Washington.

## **Monday, Feb. 5**

- 10 a.m. | The Wildlife Resources Commission WRC Headquarters holds public hearing on proposed rule changes, Town Hall, 700 Sunset Blvd., Sunset Beach.

## **Tuesday, Feb. 6**

- 10 a.m. | The Wildlife Resources Commission WRC Headquarters holds public hearing on proposed rule changes, 1751 Varsity Drive, Raleigh.

## **Monday, Feb. 12**

- 1 p.m. | The Child Care Commission of DHHS holds public hearing on proposed rule changes, Dix Grill, Employee Center, 1101 Cafeteria Drive, Raleigh.

## **Wednesday, Feb. 14**

- 9 a.m. | The Real Estate Commission holds public hearing on proposed rule changes, 1313 Navaho Drive, Raleigh.
- 6 p.m. | The N.C. Marine Fisheries Commission accepting public comment on proposed changes to commercial fishing license, Blockade Runner Beach Resort, 275 Waynick Blvd., Wrightsville Beach.

## **Thursday, Feb. 15**

- TBD | The N.C. Wildlife Resources Commission holds public hearing on Fishing, Hunting & Game Lands Regulations, Haywood Community College, 185 Freeland Dr., Clyde.

## **Wednesday, Feb. 21**

- 10 a.m. | The Irrigation Contractors' Licensing Board holds public hearing on proposed rule changes, State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors, 1109 Dresser Court, Raleigh.
- TBD | The N.C. Wildlife Resources Commission holds public hearing on Fishing, Hunting & Game Lands Regulations, Elkin High School, 334 Elk Spur St., Elkin.

## **Thursday, Feb. 22**

- TBD | The N.C. Wildlife Resources Commission holds public hearing on Fishing, Hunting & Game Lands Regulations, Western Piedmont Community College, Moore Hall Leviton Auditorium, 1001 Burkemont Ave., Morganton.

## **Wednesday, Feb. 28**

- 10:30 a.m. | The Standard Commercial Fishing License Eligibility Board to the N.C. Division of Marine Fisheries, N.C. Division of Marine Fisheries' Central District Office, 5285 Highway 70 West, Morehead City.
- 6 p.m. | The N.C. Division of Marine Fisheries holds public hearing on proposed shellfish leases in Pender County, Surf City Visitor's Center, 102 North Shore Dr., Surf City.

## **Friday, March 2**

- 10:30 a.m. | The Dept. of Commerce's Industrial Commission holds public hearing on proposed rule changes, Room 240, 2nd Floor, Department of Insurance, Albemarle Building, 325 North Salisbury St., Raleigh.
- 2:30 p.m. | The Dept. of Commerce's Industrial Commission holds public hearing on proposed rule changes, Room 240, 2nd Floor, Department of Insurance, Albemarle Building, 325 North Salisbury St., Raleigh.

## **Tuesday, March 6**

- 10 a.m. | The Department of Health and Human Services/Secretary holds public hearing on proposed rule changes, Dorothea Dix Park, Williams Building, Room 123B, 1800 Umstead Drive, Raleigh.

## **Tuesday, April 24**

- 9 a.m. | The state Appraisal Board holds public hearing on proposed rule changes, North Carolina Appraisal Board, 5830 Six Forks Road, Raleigh.

## **UNC Board of Governors**

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Board Room of the UNC Center for School Leadership Development  
140 Friday Center Drive, Chapel Hill (**remote meeting locations in RED**)  
More Information: <https://www.northcarolina.edu/bog/schedule.php>

## **Friday, March 23**

- TBA | UNC Wilmington, Wilmington.

## **Friday, May 25**

- TBA | The UNC Board of Governors, C.S.L.D. Building, Chapel Hill.

## **N.C. Utilities Commission Hearing Schedule**

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Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina  
More Information: <http://www.ncuc.commerce.state.nc.us/activities/activit.htm>

## **Monday, Jan. 29**

- Staff Conference

## **Monday, Feb. 5**

- Staff Conference
- 7 p.m. | E-100 Sub 147 ...2016 Biennial Integrated Resource Plans and Related 2016 REPS Compliance Plans, Dobbs - Commission Hearing Room, 2nd floor, Room 2115.

## **Monday, Feb. 12**

- Staff Conference

## **Monday, Feb. 19**

- Staff Conference
- 2 p.m. | E-7 Sub 1146 ...Application for General Rate Case, Dobbs - Commission Hearing Room, 2nd floor, Room 2115.

## **Monday, Feb. 26**

- Staff Conference

## **Monday, March 5**

- Staff Conference

## **Tuesday, March 6**

- 10 a.m. | G-40 Sub 145 ...Petition for Annual Review, Dobbs - Commission Hearing Room, 2nd floor, Room 2115.

## **Monday, March 12**

- Staff Conference
- 1 p.m. | E-2 Sub 1149 ...Complaint of Fresh Air XXIV, LLC, Fresh Air XXIII LLC and Fresh Air XXXVIII, LLC, Dobbs - Commission Hearing Room, 2nd floor, Room 2115.

## **Monday, March 19**

- Staff Conference

## **Monday, March 26**

- Staff Conference

## **N.C. Dept. of Environmental Quality**

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The N.C. Dept. of Environment and Natural Resources has a new name - the N.C. Dept. of Environmental Quality. More Information: <http://portal.ncdenr.org/web/guest/home>

## **Tuesday, Feb. 6**

- 6 p.m. | The Division of Air Quality holds public hearing on proposed changes to air quality rules, 217 West Jones St., Raleigh.

## **Thursday, Feb. 8**

- 6 p.m. | The Division of Air Quality holds public hearing on proposed changes to air quality rules, 201 South Main St., Kannapolis.
- 6 p.m. | Rescheduled public hearing on proposed shellfish leases in New Hanover County, N.C. Department of Environmental Quality Regional Office, 127 Cardinal Drive Extension, Wilmington. Contact: Michael Graven, 252-808-8061, Michael.Graven@ncdenr.gov.

## **Other Meetings and Events of Interest**

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Items in **RED** are new listings.

### **Wednesday, Feb. 28**

- 12 p.m. | Candidate filing for U.S. House of Representatives ends, N.C. State Board of Elections & Ethics Enforcement, 430 N Salisbury St, Raleigh.
- 12 p.m. | Candidate filing for District Attorney ends, N.C. State Board of Elections & Ethics Enforcement, 430 N Salisbury St, Raleigh.
- 12 p.m. | Candidate filing for N.C. Senate ends, local county Board of Elections.
- 12 p.m. | Candidate filing for N.C. House of Representatives ends, local county Board of Elections.
- 12 p.m. | Candidate filing for most County Offices (Check with your local county BOE offices) ends, local county Board of Elections.

### **Monday, March 19**

- TBD | The N.C. Chamber hold annual meeting, Raleigh Marriott Crabtree Valley, 4500 Marriott Dr, Raleigh.

### **Monday, June 11**

- 12 p.m. | Candidate filing for Soil & Water Conservation District Supervisor begins, local county Board of Elections.

### **Monday, June 18**

- 12 p.m. | Candidate filing for all Judicial Offices begins, N.C. State Board of Elections & Ethics Enforcement, 430 N Salisbury St, Raleigh.

### **Friday, June 29**

- 12 p.m. | Candidate filing for all Judicial Offices ends, N.C. State Board of Elections & Ethics Enforcement, 430 N Salisbury St, Raleigh.

### **Friday, July 6**

- 12 p.m. | Candidate filing for Soil & Water Conservation District Supervisor ends, local county Board of Elections.

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